

Message Text

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6913

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STATE PASS COMMERCE

E.O. 11652: N/A

TAGS; BDIS, JA

SUBJECT: TRADE COMPLAINT - LITTLE BEAVER CREEK RANCHES V.

NOSAWA AND CO. TOKYO

REF: (A) STATE A-590; (B) TOKYO 11826; (C) COMMERCE OM

11/1/74; (D) STATE 267377

(1) SUMMARY. EMBASSY DISCUSSED ALL POINTS RAISED MOORE'S RECENT CORRESPONDENCE WITH DEPARTMENT (REF C). NOSAWA STILL ADAMANT REFUSAL MAKE FURTHER PAYMENTS PRIOR DIRECT NEGOTIATIONS WITH MOORE. WOULD, HOWEVER, RELEASE FUNDS FOR LATTER SHIPMENTS IF MOORE WOULD PLACE IN ESCROW AMOUNT EQUAL PAYMENT SHIPMENT ONE PENDING RESOLUTION PROBLEMS VIS-A-VIS THAT SHIPMENT. END SUMMARY.

(2) EMBASSY DISCUSSED THIS PROBLEM AGAIN WITH MESSRS. ISHIDA, MANAGER, LIVESTOCK DIVISION; ITO, ASSISTANT MANAGER, LIVESTOCK DIVISION; AND ARAI, OF NOSAWA BASED ON ADDITIONAL INFORMATION PROVIDED REF C. FOLLOWING ARE THE VIEW EXPRESSED BY NOSAWA REPRESENTATIVES:

(3) ISHIDA UPSET MOORE HANDLING OF THIS SITUATION. CATTLE BUSINESS, UNLIKE HARGOOD TRANSACTIONS, BASED ON TRUST BETWEEN BUYER AND SELLER WITH MUCH OF THE TRANSACTIONS CONDUCTED VERBALLY AND DISAGREEMENTS RESOLVED THROUGH FACE-TO-FACE NEGOTIATIONS BETWEEN CONCERNED PARTIES. ISHIDA SAID MR. MOORE SHOULD HAVE ACCEPTED INITIAL OFFER TO UNCLASSIFIED

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VISIT JAPAN TO RESOLVE PROBLEM.

(4) ISHIDA FIRMLY STATED UNWILLINGNESS TO PAY SHIPMENTS TWO AND THREE BECAUSE HAVE LOST TRUST IN MR. MOORE. ALSO UNWILLING CONSIDER ARBITRATION ROUTE AS, THEY EMPHASIZE NEGOTIATIONS SHOULD BE BETWEEN TWO PARTIES CONCERNED.

(5) ISHIDA SAID POOR QUALITY OF HEIFERS MAJOR COMPLAINT AND PINKEYE SYMPTOMATIC OF GENERAL QUALITY OF HEIFERS. ACCORDING WEIGHT OF HEIFERS SOLD AT U.S. QTE NATIONAL POLLED HEIFER SHOW AND SALE UNQUOTE JANUARY 19, 1973, 32 ONE YEAR OLD HEIFERS AVERAGE 756 LBS. (LIST OF HEIFERS WITH WEIGHTS SHOWN REPORTING OFFICER). SMALLEST WEIGHT 640 LBS. COMPARED VERAGE 437 LBS LBCR HEIFERS ALTHOUGH OVER ONE YEAR OLD. AFTER INTENSIVE FEEDING FOR ONE MONTH IN ATTEMPT BEEF UP CATTLE. HEIFERS GAINED AVERAGE 26 LBS. WITH MANY GAINING FAR LESS. NORMAL GROWTH SHOULD BE MINIMUM ONE LB. PER DAY.

(6) ARAI INSPECTED 80 HEIFERS NUMBER ONE SHIPMENT AT OSAKA AIRPORT AND CONSIDERED THEM OF POOR QUALITY. HE VISITED LBCR APRIL 24, ABOUT WEEK AFTER ARRIVAL THIS SHIPMENT OSAKA AND REPORTEDLY TOLD MR. BRONSON ABOUT POOR QUALITY AND PINKEYE SOME HEIFERS THAT SHIPMENT. FYI MR. MOORE NOTED IN HIS LETTER OF AUGUST 8, PAGE 3, THAT ARAI, AT THE TIME OF VISIT LBCR MENTIONED INCIDENTS OF PINKEYE AMONG CATTLE IN SHIPMENT NUMBER ONE END FYI. NOSAWA CONSIDERED, THEREFORE, THAT MOORE NOTIFIED VERBALLY ABOUT ONE WEEK AFTER CATTLE ARRIVED, NOT 53 DAYS AS STATED MR. MOORE LATER OCTOBER 82. HOWEVER, NOSAWA HAD NOT PUT COMPLAINT IN WRITING AS ASSUMED PROBLEM WOULD BE RESOLVED THROUGH NEGOTIATIONS.

(7) ARAI SAID CAN DOCUMENT THROUGH OSAKA QUARANTINE OFFICE THAT AT TIME OF ARRIVAL OSAKA APRIL 18 25 HEAD HAD PINKEYE, 9 HAD WARBLE, AND 3 HAD RINGWORM, IN ADDITION TO BEING UNDERWEIGHT. CONSIDERING AIR FREIGHT TIME MONTANA TO OSAKA APPROXIMATELY 13 HOURS, INCUBATION PERIOD OF PINKEYE 10 TO 20 DAYS, PINKEYE VIRUS PRESENT IN CATTLE PRIOR TO SHIPMENT. (REGRET MISUNDERSTANDING NOSAWA'S STATEMENT EARLIER LED EMBASSY TO BELIEVE CATTLE INSPECTED 15 DAYS AFTER ARRIVAL.) CATTLE HAVE BEEN TREATED FOR PINKEYE AND 21 OF THE 25 UNCLASSIFIED

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HAVE BEEN CRUED PRIOR REMOVAL OF QUARANTINE. ISHIDA SAID U.S. VET'S REPORT DATED APRIL 16 BUT ACTUAL EXAMINATION MAY HAVE BEEN SEVERAL DAYS EARLIER SINCE REPORT REPRESENTS SUMMATION RESULTS SEVERAL TESTS. THEREFORE, MAY HAVE MISSED DETECTING PINKEYE SINCE DIFFICULT DETECT THAT VIRUS DURING EARLY INCUBATION PERIOD.

(8) ARAI SAID HE SAW 46 HEAD SHIPMENT TWO IN MONTANA AND REPORTED TOKYO THAT THEY WERE OF POOR QUALITY. HOWEVER, NOSAWA ORIGINALLY CONTRACTED 140 HEAD FROM CANADA, BUT SOME WERE REJECTED MAKING IT ADVISABLE INCLUDE 46 HEAD FROM LBCR TO FILL SHIPMENT. NOSAWA DID NOT COMPLAIN ABOUT THESE CATTLE SINCE ABLE TO DISTRIBUTE THEM AMONG A NUMBER OF BUYERS WITH THE OTHER CATTLE IN THAT SHIPMENT.

(9) NOSAWA AS RULE DOES NOT RPT NOT PURCHASE CATTLE SIGHT UNSEEN. HOWEVER, DURING JAPAN VISIT MR. MOORE AND GOVERNOR JUDGE, MR. MOORE ASKED NOSAWA TO PURCHASE THESE CATTLE ORIGINALLY CONTRACTED BY NAKAJIMA. APPARENTLY, SHIPMENT ONE WOULD HAVE BEEN FIRST SHIPMENT OF MONTANA CATTLE TO JAPAN AND THIS PLAYED UP IN MONTANA PRESS AND SPECIAL CHARTER ARRANGED FOR SHIPMENT. THEREFORE, WHEN NAKIJIMA HAD FINANCING PROBLEMS AND DEAL FEEL THROUGH MOORE ASKED NOSAWA TAKE SHIPMENT FROM NAKIJIMA. NOAWA WOULD NOT DEAL WITH NAKIJIMA SINCE HE HAS VERY POOR REPUTATION IN JAPAN BUT AGREED BUY DIRECT FROM LBCR. IN THIS LIGHT, MOORE'S UNWILLINGNESS TO NEGOTIATE PROBLEM WITH NOSAWA FURTHER IRRITATES NOSAWA PEOPLE.

(10) ACCORDING ISHIDA'S LETTER TO MOORE AUGUST 23 (ABSENT FROM MOORE'S SUPPORT DOCUMENTS), NOSAWA CLAIMS THAT HAD THEY BEEN ABLE TO SELL CATTLE AT FULL PRICE ORIGINALLY PLANNED, THEY STILL LOSE ABOUT \$600 BECAUSE OF CURRENCY FLUCTUATION WHICH THEY ACCEPT AS BUSINESS RISK. HOWEVER, AFTER REACHING AGREEMENT WITH HOKKAIDO BUYER OVER SHIPMENT ONE THEY WILL NOW LOS \$68,196.

(11) IN VIEW OF NOSAWA'S REFUSAL TO MAKE ANY ADDITIONAL PAYMENT UNTIL MR. MOORE AGREES NEGOTIATE DIRECTLY WITH THEM, EMBASSY UNCLASSIFIED

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SEES NO FURTHER ROLE IT CAN PLAY. NOSAWA REPEATEDLY STATED THEY HAVE LOST FAITH IN MOORE'S WORD, THEREFORE, BELIEVE HOLDING PAYMENT LATTER SHIPMENTS ONLY LEVERAGE THEY HAVE TO GAIN NEGOTIATIONS SHIPMENT ONE. NOSAWA WISHES SETTLE CASE AS MONEY IN BANK FOR PAYMENT LATTER SHIPMENTS FROZEN AND CANNOT BE USED FOR THEIR ACCOUNT. ISHIDA SAID IF MR. MOORE PLACES AMOUNT EQUIVALENT VALUE OF SHIPMENT ONE IN ESCROW PENDING RESOLUTION PROBLEMS THAT SHIPMENT THEY WOULD GLADLY RELEASE PAYMENTS SHIPMENTS TWO AND THREE.

HODGSON

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